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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 001959

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C O R R E C T E D C O P Y ADDING CLASSIFIED BY INFORMATION

E.O. 12958: DECL: 05/07/2017
TAGS: [KTFN](#) [EFIN](#) [PGOV](#) [KDEM](#) [JO](#)
SUBJECT: JORDAN'S LOWER HOUSE OF PARLIAMENT ENDORSES AML LAW

REF: AMMAN 1567

CONFIDENTIAL

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CLASSIFIED BY AMBASSADOR DAVID HALE, REASON 1.4 (D)

11. (SBU) Summary: After nearly six years since the subject first arose in Jordan's Parliament, the Lower House endorsed the Anti-Money Laundering Law on May 6. The law, which still requires Senate approval (expected May 9), criminalizes money laundering and provides the legal basis for the Government of Jordan (GoJ) to create a financial intelligence unit (FIU). End Summary.

A LONG ROAD

12. (SBU) The first draft of the Anti-Money Laundering Law was presented to Parliament in late 2001 where it remained un-debated until summer 2006. The CBJ withdrew it for World Bank-recommended revisions, and the government subsequently placed the draft law on the agenda for the August 2006 extraordinary session of Parliament. The legislation was not considered during that session, nor during the following regular session. It was, however, one of the eight laws King Abdullah placed on the agenda of the extraordinary session convened on April 15 of this year (Ref A). On May 6, the law was passed with minimal debate after the Legal Committee had ironed out many of the contentious issues beforehand.

CONTROVERSY OVER TERRORISM FINANCE

13. (C) The original draft law's listing of terrorism and terrorism finance as predicate crimes for money laundering was a particularly contentious issue and likely contributed to the delay. According to Deputy Governor of the Central Bank Faris Sharaf, members of the Legal Committee of the

Lower House of Parliament, which includes MPs from the Muslim Brotherhood-affiliated Islamic Action Front, viewed this language as a thinly-veiled attempt to target the funding of HAMAS and other Islamic groups. A partial solution to this impasse was reached when the Central Bank suggested that the law be revised to reflect an "all crimes" approach in which the proceeds of any felony would be considered subject to the AML law. Note: The financing of terrorist acts is a felony under Jordanian law. End Note. It is still unclear, however, whether the FIU will have the ability to receive reporting related to funding of terrorism derived from non-criminal sources such as diverted funds originally intended for charitable contributions.

FLAWED BUT SIGNIFICANT

¶4. (SBU) In addition to the incomplete treatment of terrorism finance, the AML law has other flaws. Areas of concern include the scope of persons covered by the law, its definition of property, the asset forfeiture and confiscation regime, and cross-border currency reporting requirements. The CBJ is aware of these issues but believes that any ambiguities can be cleared up through the issuance of regulations and CBJ instructions. The CBJ was reluctant to suggest sweeping changes to the AML law after its submission to Parliament for fear of losing whatever momentum it had been able to generate. Instead, CBJ officials preferred to preserve their political capital for the debate over terrorism finance.

¶5. (SBU) Despite these concerns, the law gives the GoJ the full legal authority it needs to develop a financial intelligence unit. Central Bank leadership has vowed to move forward aggressively with its FIU, and has requested continued Treasury Department assistance. The ultimate goal of the CBJ is for its FIU to gain admittance to the Egmont Group of financial intelligence units.

CONCLUSION

¶6. (SBU) Post engaged in a sustained anti-money laundering advocacy campaign over the past several years. The Ambassador, embassies, and other USG officials regularly raised the draft legislation with interlocutors ranging from the King and the Prime Minister to the Central Bank Governor. In addition, the U.S. Treasury Department has provided extensive technical assistance to the CBJ on financial intelligence unit development. Post believes that these efforts helped encourage the Central Bank and government to proactively engage Parliament on this important legislation.

¶7. (SBU) The passage of the anti-money laundering law will help remedy a glaring law enforcement deficiency in what is otherwise a model regional partner for counter-terrorism. Jordan, the current President of the Middle East North Africa E.O. 12958: DECL: 05/07/2017
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Financial Action Task Force (MENA-FATF) - a regional body dedicated to the fight against money laundering and terrorist finance - will no longer be in the incongruous position of leading an organization whose fundamental tenets it has not adopted in legislation. This should bolster not only Jordan's image but the image of this important FATF-style regional body. Additional clarification on Jordan's counter-terrorism finance legal and regulatory regime is necessary.

¶8. (SBU) Post believes that the Central Bank is sincere in its desire to build a robust financial intelligence unit, and expects that Jordan will soon emerge as a regional leader in this area as it is in many others. Despite the many years of waiting and lobbying, the passage of the AML law may, to a large extent, have been the easy part. Now the CBJ must build a new organization and regulatory framework and forge

relationships with new industries and government agencies.
This will require continued support from the U.S. Government.

HALE